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Docket Management System
U.S. Department of Transportation
Room Plaza 401
400 Seventh Street, SW
Washington DC 20590-0001

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OFFICE OF THE SECRETARY

ATTENTION: Rules Docket Number FAA-2002-13918 - 23

Gentlemen:

The Maryland Aviation Administration (MAA) submits the enclosed comments in regard to the Federal Aviation Administration's (FAA) policy on Passenger Facility Charges (PFC), 14 CFR Part 158.

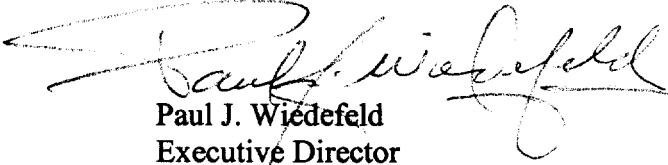
As an overview, the MAA is concerned that the proposed changes, while well intentioned, will have an impact on revenues to the airports. The MAA does not oppose the increase of the administrative fee from \$0.08 to \$0.10 per PFC collected; however, the documentation remitted supports the airlines' claim for the higher fee. The original PFC rule, in addition to allowing carriers to retain earned interest on PFC revenue realized from the time of collection to remittance, further allowed the collecting carrier to retain \$0.12 of each PFC remitted on or before June 28, 1994, with \$0.08 to be retained thereafter. The initial higher compensation sanctioned by FAA was intended to allow carriers to recoup start-up costs in a more timely fashion.

In evaluating the FAA's Notice of Proposed Rulemaking (NPRM), FAA concluded that after January 1, 2005, the carriers should be able to retain an additional \$0.01 on the newly established base of \$0.10. This would be diametrically opposed to the original Final Rule's statement that it was a higher front-end loaded fee to allow carriers to recoup higher start-up costs. The MAA does not believe the carriers have remitted sufficient documentation to support a further increasing of the handling fee from \$0.10 to \$0.11 in 2005. MAA is opposed to this increase due to the absence of documentation to support the increase.

There continues to be ongoing conflict in the industry as to how the airlines treat PFC refunds. It is clear based on our review of this NPRM that the FAA has not addressed this issue. Airlines operating at Baltimore/Washington International Airport (BWI) do not calculate PFC refunds in the same manner. This continues to be a problem for the MAA. The Airport continues to be cited by State independent auditors for allowing carriers to calculate refunds using different methods that result in loss revenue to the MAA. There is an ongoing dispute within the industry on how the calculation should work. The FAA should consider further amending relevant portions of 14 CFR Part 158 to further clarify in words and through examples as to how PFC refunds are to be handled by the carriers.

Should additional information be needed, please contact Mr. David Posner, Senior Financial Analyst, at (410) 859-7010.

Sincerely,



Paul J. Wiedefeld
Executive Director

cc: Mr. David Baldwin, Manager, Division of Financial Planning & Analysis
Mr. David Posner, Senior Financial Analyst, Division of Financial Planning & Analysis